

Message Text

CONFIDENTIAL

PAGE 01 PARIS 11282 161606Z

67

ACTION EUR-12

INFO OCT-01 EA-07 IO-13 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 CEA-01 L-03 H-02 PA-01 PRS-01 /103 W

----- 109141

R 161556Z APR 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 9930

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY BERN

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

AMEMBASSY VIENNA

AMEMBASSY TOKYO

AMEMBASSY BERLIN

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USMISSION NATO

USMISSION GENEVA

C O N F I D E N T I A L PARIS 11282

E.O. 11652: GDS

TAGS: EEWT, EFIN, EINV, ETRAD, XG, XT, FR

SUBJECT: FINANCING EASTERN EUROPE'S TRADE WITH THE WEST

REF: A. STATE 038308; B. PARIS A-493, SEPTEMBER 16, 1974

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PARIS 11282 161606Z

1. EMBOFF DISCUSSED SUBJECT WITH OFFICIALS OF ECONOMIC SECTION OF QUAI, THE FINANCE MINISTRY, AND THE B.F.C.E. (FRENCH FOREIGN TRADE BANK). THESE CONTACTS REPORTED THAT NO BASIC CHANGES IN THE CREDIT RATINGS OF EASTERN EUROPEAN COUNTRIES (CF. REF B, PARA. 3) HAD OCCURED DESPITE THE GENERAL RISE IN THEIR TRADE DEFICITS. THERE HAVE BEEN NO REQUESTS FOR DEBT RESCHEDULING.

2. QUAI OFFICIAL NOTED THAT THERE HAS BEEN A SLIGHT INCREASE SINCE A YEAR AGO IN BANK'S COMMISSIONS AND MANAGERIAL FEES FOR EASTERN EUROPEAN LOANS, AND THAT THERE IS A TENDANCY TO SEEK EUROCURRENCY FINANCING OF 10-20 PERCENT DOWN PAYMENTS NOT COVERED BY BFCE OR INSURED BY COFACE. THESE DEVELOPMENTS ARE INDICATIONS OF INCREASING HARD CURRENCY DEFICITS ON THE ONE HAND AND GREATER CAUTION, EVEN IF MINOR, ON THE OTHER HAND, BY BANKS HANDLING THE LOANS. QUAI OFFICIAL CONCURRED THAT MORE STRINGENT USE OF HARD CURRENCY CREDITS HAS BEEN SELF IMPOSED BY EASTERN EUROPEAN COUNTRIES THEMSELVES RATHER THAN BY FRANCE. ONLY CREDIT CEILINGS WHICH HAVE BEEN AGREED TO ARE WITH POLAND AND THE U.S.S. R. AND HAVE NOT NEARLY APPROACHED FULL USE. ALL LOANS, OF COURSE, ARE APPROVED ON CASE BY CASE BASIS.

3. WITH PARTICULAR REGARD TO POLAND, A QUAI OFFICIAL NOTED THAT HE DID NOT ANTICIPATE POLAND'S HIGH RATE OF IMPORTS TO CONTINUE TO INCREASE AT SAME 1975 LEVEL (49 PERCENT). AGAIN THIS WAS PRIMARILY DUE TO DESIRE BY POLAND TO BRING ITS OWN PAYMENTS CLOSER INTO BALANCE RATHER THAN DUE TO A POOR CREDIT RATING OR A LACK OF CREDIT AVAILABILITY.

4. OFFICIALS HAVE BEEN FOLLOWING RISE OF INDEBTEDNESS TO WEST CLOSELY AND QUAI REPORTED IT RECENTLY HAD EXCHANGE OF VIEWS OF CREDIT SITUATION WITH FRG. BFCE OFFICIAL REPORTED THAT THEY, AS WELL AS FRENCH NEWS-PAPER, LE MONDE, WERE IN PROCESS OF THOROUGH REVIEW OF DEGREE TO WHICH EASTERN EUROPE IMPORTS MAY HAVE BEEN AFFECTED BY CURRENCY SHORTAGES, BUT THIS WOULD ONLY INDIRECTLY AFFECT CREDIT AVAILABILITY. HIS
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PARIS 11282 161606Z

GENERAL IMPRESSION WAS THAT THERE HAS IN FACT BEEN A TENDENCY OF EASTERN EUROPEAN COUNTRIES TO CUT DOWN THEIR IMPORTS BECAUSE OF BALANCE OF PAYMENTS CONCERNS.
GAMMON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EAST WEST TRADE, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PARIS11282
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760146-0041
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760454/aaaabtqg.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 38308, 76 PARIS A-493
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 02 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 APR 2004 by CunninFX>; APPROVED <05 APR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FINANCING EASTERN EUROPE'S TRADE WITH THE WEST
TAGS: EEWT, EFIN, EINV, ETRD, XG, XT, FR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006